

May 3, 2024

To whom it may concern:

As your agencies begin the latest public comment cycle pursuant to the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) by focusing on regulations relating to Applications and Reporting, Powers and Activities, and International Operations, The Appraisal Foundation would like to take this opportunity to submit a comment about the importance of using qualified individuals who adhere to a uniform set of standards when conducting appraisals for Federally Related Transactions to promote stability, safety and soundness.

The appraiser is the only party in a real estate transaction that is truly impartial. They do not have a vested interest in the outcome of a sale, refinance or any other financial matter pertaining to the real property they appraise. Instead, they maintain neutrality to develop an opinion of value that reflects the current market, a skill that protects consumers, the Deposit Insurance Fund and the broader economy.

All real property appraisers who conduct Federally Related Transactions are required to adhere to the Uniform Standards of Professional Appraisal Practice and meet the minimum qualification criteria, both of which are developed by our independent boards. Congress authorized our boards, the Appraisal Standards Board and Appraiser Qualifications Board, to maintain these critical documents under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

We were entrusted with this responsibility because, prior to the Savings and Loan Crisis of the 1980's, appraisers were not regulated. Anyone could declare themselves an appraiser and begin appraising properties that would then be used as collateral for real-estate secured loans. As a result of this lack of regulation, Americans and the economy suffered great harm. Congress sought an impartial, apolitical body to ensure that going forward appraisers would have standards and minimum qualification criteria to adhere to, and they decided to authorize The Appraisal Foundation to conduct this important work.

This is not a role our boards take lightly. Each proposed change to either the standards or qualifications undergoes thorough research and review, multiple public comment periods, and votes in a public setting. Our boards consist of leading experts in the standards and qualifications who must undergo a highly competitive application and interview process to be appointed. Their role is to be impartial and apolitical in maintaining these standards and qualifications that underpin the appraisal profession, just as Congress intended.

Over the years, many carveouts have been made to what qualifies as a Federally Related Transaction. These carveouts put the real estate market, one of the building blocks of our nation's economy, in a tenuous position. Without ensuring that a well-qualified appraiser following industry standards is providing an opinion of value on the vast majority of Federally Related Transactions, the agencies are putting the Deposit Insurance Fund at great risk by risking its stability. We sincerely hope that the agencies will refrain from further eroding what constitutes a Federally Related Transaction.



Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications

We appreciate the opportunity to share our feedback on the importance of maintaining the safety and soundness of all real estate loan transactions, and in turn the Deposit Insurance Fund, by not creating additional exemptions to what is considered a Federally Related Transaction.

We look forward to continuing to participate in the EGRPRA process as the interagency regulations relating to the appraiser system are considered in a future comment cycle.

Sincerely,

Kelly Davids  
President  
The Appraisal Foundation